



Canyon Fuel
Company, LLC.
Sufco Mine

A Subsidiary of Arch Western Bituminous Group, LLC.

Ken May, General Manager
397 South 800 West
Salina, UT 84654
(435) 286-4400 - Office
(435) 286-4499 - Fax

Via Certified Mail

January 23, 2006

Emery County Water Conservancy District
c/o Mr. Jay Mark Humphrey
PO Box 998
Castle Dale, Utah 84513

Ken May
1/24/2006

RE: Canyon Fuel Company, LLC, Sufco Mine; Continued Mining in State of Utah Coal Lease
ML 49443-OBA, commonly referred to as the "SITLA Muddy Tract Lease"

Dear Mr. Humphrey:

As required by State mining regulations (R645-301-525.700), Canyon Fuel Company, LLC (CFC) Sufco Mine is notifying you of the mine's plan to expand mining into Sections 4, 5, 7 (Lots 2, 3, 4, S1/2NE1/4, SE1/4), 8, and 9, in Township 21 South, Range 5 East, SLB&M. CFC currently holds the coal lease in this area, commonly referred to as the "SITLA Muddy Tract Lease" and plans to mine State of Utah Coal Lease ML 49443-OBA underlying National Forest lands in these areas. Mining is ongoing and will continue through approximately 2011. Longwall mining is projected to commence in these areas in early 2007. No subsidence or surface disturbance will occur as the result of developing the mains in any of the areas listed. Minor surface subsidence may occur in areas where longwall mining will be conducted, but no surface or ground water flows will be interrupted or diminished as a result of this mining activity. Copies of the mine plan may be examined at the Sevier County Courthouse or at the Utah Division of Oil, Gas & Mining offices in Salt Lake City, Utah.

If you have any questions regarding this letter or would like to discuss future mining plans for the above referenced sections, please call Mike Davis at (435) 286-4421 or me at (435) 286-4400.

Sincerely,
Canyon Fuel Company, LLC.
Sufco Mine

Kenneth E. May
Kenneth E. May
Mine Manager

xc: Wayne Hedberg, Utah Division of Oil, Gas & Mining